

# ANALYSIS OF HB 1140

## HOUSE AGRICULTURE & ECOLOGY COMMITTEE

January 30, 2001

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- Reduces the B&O tax rate for grain warehouses to 0.484 percent from 1.5 percent; and
- Allows a grain warehouse to report for B&O tax purposes based on either a cash receipt or accrual basis regardless of its normal accounting methods.

### **Background:**

The Business and Occupation (B&O) taxation rate for storage warehouses is 0.484 percent times the gross income of the business. However, agricultural warehouses licensed by the Department of Agriculture are exempted from this tax rate. (RCW 82.04.280) Since they are not given a specific other rate by the B&O statutes, the general tax rate applies to the warehouses. The general rate is 1.5 percent times the gross income of the business. (RCW 82.04.290.)

In reporting for B&O tax purposes, a taxpayer is to report on a cash receipts or accrual basis according to the method of accounting regularly employed in keeping the taxpayer's books. (RCW 82.04.090.) If the books are kept on the basis of charges that are accruing, reporting for B&O tax purposes is to be based on those accruals although payment for those accruing changes may not yet have been received by the taxpayer.

### **Summary:**

The B&O tax rate for grain warehouses is changed to 0.484 percent times the gross income of the warehouse.

A person operating a grain warehouse may elect to report for B&O tax purposes based on either a cash receipts or accrual basis regardless of the accounting method regularly employed by the warehouse.

Appropriation:           None.

Fiscal Note:             Requested on January 18, 2001.

Effective Date:         The bill contains an emergency clause and takes effect July 1, 2001.